

review of their programs and policies in this area. There is no question but that a major expansion of agricultural output, particularly food, is one of the essential keys to accelerated development.

5. Educational, technological, and scientific development and intensification of health programs. We all know from our experience in this country that education is a necessity for social progress and a prerequisite for modernization. The Latin American countries agreed in Buenos Aires to a set of guidelines for improved new programs in this field, including multinational institutions for technological and scientific research and training. We must at the same time insure that Latin America has access to the full range of technological and scientific advances of the developed world which will accelerate its own progress.

6. Elimination of unnecessary military expenditures. A number of Latin American governments are considering initiatives to limit expenditures on armaments. While the arms burden in Latin America is not of as serious proportions as some may perhaps believe, we hope that steps will be taken to limit expensive and overly sophisticated armaments. We will continue to emphasize that unnecessary arms expenditures would be detrimental to economic development.

If Latin America moves as we hope and expect, what should we, the United States, do to assure the success of a massive endeavor so vital in our own interest? We would like the Congress to share our thinking on these complex matters, even though many of the details must remain tentative until further explorations take place.

The testimony, Mr. Chairman, will try to give to the committee and to the Congress our full thinking on these matters in order to assist the Congress in avoiding the problem either of a blank check on the one side, or of empty words on the other.

The proposed agenda and the preparations for the meeting of the American chiefs of state reveal a responsible and realistic approach to Latin America's problems. It is very important that the United States support these initiatives with increased appropriations, which we estimate might be in the range of \$1.5 billion over the next 5 years. I should note here, however, that the predominant part of this figure would represent additional outlays for AID programs in agriculture and education. These additions are suggested to be \$100 million in fiscal year 1968 and an average of \$200 million in each of the 4 following years.

I would point out that though these would be additional to the appropriations we have thus far requested, these amounts are within the level of the \$750 million recently authorized by the Congress for fiscal year 1967, 1968, and 1969.

In addition, we are thinking of somewhere between \$250 million and \$500 million for the establishment, under the Inter-American Development Bank (IDB), of an integration fund to help to smooth the transition of Latin America into a common market. These funds would not be needed until specific action is taken by the Latin American governments—probably not until 1969 or 1970.

That would not be an annual figure but would be the constitution of a standby fund matched by the Latin Americans and be available for certain types of adjustment assistance and balance-of-payments operations in connection with integration.